

Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 OIC-02 AF-08 ARA-06 EA-07 NEA-10 /138 W
----- 100943

R 021316Z AUG 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1818

INFO USMISSION EC BRUSSELS

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H PASS CODEL

STR ACTION FOR KELLY

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: CUSTOMS MATTERS - RECIPROCITY

REF: A. MTN GENEVA 5505; B. MTN GENEVA 6014; C. STATE 183389

1. U.S. MTN DEL RECEIVED LETTER SIGNED BY LUYTEN OF EC
ON CUSTOMS RECIPROCITY THAT IS VIRTUALLY IDENTICAL TO
LETTER IN REFTEL A. RECOMMEND WASHINGTON AUTHORIZE MTN
DEL TO RESPOND WITH LETTER EXPRESSING SATISFACTION WITH
EC POSITION AND ASSURING EC WE WILL EMBARK ON CUSTOMS
VALUATION WORK PROGRAM. EC LETTER READS AS FOLLOWS:

BEGIN QUOTE YOU INFORMED ME THAT THE STR WAS NOW
PREPARED TO PUT IN HAND A SUBSTANTIAL PROGRAMME OF WORK
AIMED AT PREPARING A DEFINITIVE U.S. POSITION ON POSSIBLE
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NEW INTERNATIONAL PRINCIPLES AND RULES ON CUSTOMS

VALUATION WHICH MIGHT BE AGREED IN THE MTN PROVIDED THAT YOU RECEIVED CERTAIN ASSURANCES ON RECIPROCITY. YOU MENTIONED YOUR VIEW THAT THE CHANGES WHICH THE U.S. WOULD BE REQUIRED TO MAKE IN THE EVENT OF A NEGOTIATED AGREEMENT WERE LIKELY TO BE MORE EXTENSIVE THAN THOSE MADE BY OTHER COUNTRIES, IF ONLY BECAUSE THE CURRENT U.S. VALUATION SYSTEM IS SO VERY DIFFERENT FROM THE VALUATION SYSTEMS APPLIES BY THE VAST MAJORITY OF COUNTRIES. BECAUSE OF THIS YOU FELT IT NECESSARY, BEFORE YOUR WORK PROGRAMME IS BEGUN, TO ASK FOR ASSURANCES THAT THE EUROPEAN COMMUNITIES STILL ATTACH IMPORTANCE TO NEGOTIATING CHANGES IN THE U.S. VALUATION SYSTEM AND THAT, IN THE EVENT OF THE U.S. MAKING SIGNIFICANTLY GREATER CHANGES THAN OTHER COUNTRIES, ADEQUATE RECIPROCITY WILL BE FORTHCOMING.

I AM HAPPY TO BE ABLE TO ASSURE YOU THAT THE EUROPEAN COMMUNITIES ATTACH GREAT IMPORTANCE TO A GENERAL SIMPLIFICATION, CLARIFICATION AND HARMONIZATION OF CUSTOMS VALUATION RULES IN THE CONTEXT OF THE MTN AND, IN PARTICULAR, TO SIGNIFICANT IMPROVEMENT IN THE U.S. VALUATION SYSTEM, THE CURRENT COMPLEXITIES AND UNCERTAINTIES OF WHICH REPRESENT, IN THE OPINION OF OUR EXPORTERS, A VERY REAL NON-TARIFF BARRIER.

AS YOU ARE AWARE, THE EUROPEAN COMMUNITIES ARE VERY READY TO EXAMINE IN A CONSTRUCTIVE FASHION ALL POSSIBLE CRITICISMS OF THEIR OWN VALUATION LAWS AND TO MAKE ANY CHANGES WHICH MAY BE APPROPRIATELY NEGOTIATED IN THE MTN. IT IS, AS A CONSEQUENCE, EXCEEDINGLY DIFFICULT TO SAY AT THIS MOMENT IN TIME WHERE THE BALANCE OF ADVANTAGE MAY LIE AT THE END OF THE DAY AND TO ACCEPT THAT THE U.S. WILL NECESSARILY BE ENTITLED TO COMPENSATION. NEVERTHELESS, CUSTOMS VALUATION, LIKE ALL OTHER SECTORS OF THE MTN, IS CLEARLY COVERED BY THE AGREEMENT ON RECIPROCITY INCLUDED IN THE TOKYO DECLARATION. THE COMMUNITIES STAND BY THE SPIRIT AND LETTER OF THAT DECLARATION WHICH YOU WILL RECALL SAYS THAT 'THE NEGOTIATIONS SHALL BE CONDUCTED ON THE BASIS OF PRINCIPLES OF MUTUAL ADVANTAGE, MUTUAL COMMITMENT AND OVERALL RECIPROCITY... PARTICIPANTS SHALL JOINTLY ENDEAVOUR IN THE NEGOTIATIONS TO ACHIEVE, BY APPRO-

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PRIATE METHODS, AN OVERALL BALANCE OF ADVANTAGES AT THE HIGHEST POSSIBLE LEVEL.' IT FOLLOWS BOTH FROM THE TOKYO DECLARATION AND FROM THE REALITIES OF THE NEGOTIATIONS THAT, AT THE END OF THE DAY, AN AGREEMENT ON CUSTOMS VALUATION CAN ONLY BE REACHED IF ALL THE PARTIES CONCERNED ARE SATISFIED THAT THEY ARE RECEIVING ADEQUATE RECIPROCITY FOR THE CHANGES IN THEIR VALUATION SYSTEMS WHICH THEY ARE PREPARED TO MAKE.

I HOPE THAT THESE CLARIFICATION ARE SUFFICIENT TO ENABLE
YOUR ADMINISTRATION TO MOVE FORWARD IN YOUR WORK ON
VALUATION IN AN EXPEDITIOUS AND EARNEST MANNER. END QUOTE

2. COMMENT: ALTHOUGH HUYSMANS OF EC HAD STATED
HE WOULD SEEK LUYTEN'S REACTION TO DRAFT AS REPORTED IN
REF B, IN FINAL RUSH OF WORK BEFORE EC VACATION, LUYTEN
SIGNED LETTER AFTER HUYSMANS HAD DEPARTED FOR HOLIDAY
SEASON. MTN DEL UNDERSTANDS FRENCH ATTEMPTED TO BLOCK
SUCH LETTER BEING SENT. SINCE, AS INDICATED IN REFTEL C,
WASHINGTON CONSIDERED EC TEXT BASICALLY ACCEPTABLE,
BELIEVE WE SHOULD MOVE PROMPTLY TO TIE MATTER DOWN AND NOT TRY
TO REOPEN LANGUAGE WHICH WOULD REQUIRE A DELAY UNTIL
AT LEAST MID-SEPTEMBER BEFORE EC COULD REACT (AND ALSO
GIVE FRANCE ANOTHER OPPORTUNITY TO TRY TO BLOCK IT).
WE ACCORDINGLY RECOMMEND WE BE AUTHORIZED TO SEND LETTER
FROM CULBERT (AS ACTING HEAD OF DEL) TO LUYTEN EXPRESSING
OUR SATISFACTION WITH CONTENTS OF EC LETTER AND CONFIRMING
OUR WILLINGNESS TO EMBARK ON CUSTOMS VALUATION WORK
PROGRAM.

3. ACTION REQUESTED: WASHINGTON AUTHORIZATION TO PRO-
CEED AS RECOMMENDED IN PARA 2 ABOVE. CULBERT

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Message Attributes

Automatic Decaptioning: X
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